



Title: I, Payroll/Personnel Manual  
Chapter: 28, Section 2, Tax Formulas (TAXES)  
Bulletin: TAXES 07–27, Oklahoma State Income Tax Withholding  
Date: July 9, 2007  
To: Holders of TAXES (State of Oklahoma only)  
Personnel User Groups  
T&A Contact Points in Oklahoma

Currently, Oklahoma state income tax is computed using the Federal income tax number of exemptions. The state of Oklahoma has revised the regulations to allow employees to have a different filing status and number of exemptions for state income tax withholding. Since the state of Oklahoma does not have a state income tax certificate, a Federal Form W–4, Employee’s Withholding Allowance Certificate, marked as an Oklahoma state tax document, may be used when submitting changes through the personnel office.

Effective for the processing of Pay Period 17, Oklahoma state tax documents can be processed through a National Finance Center (NFC) entry system, agency Front–End System Interface (FESI), and under the Self–Service option of the Employee Personal Page (EPP).

Many employees with Oklahoma as their withholding state have state exemption codes on their database records that do not match the Federal code currently being used in the calculation or have **old** state exemption codes that no longer reflect the employees current tax liability. Therefore, it is important that employees are advised to review their current state income tax exemption code and submit a change, if necessary. Employees with no state code or an invalid code will continue to have state tax calculated using the Federal exemption code.

As a result of this change, beginning with wages paid for Pay Period 17, NFC will begin using the state exemption code for the calculation of Oklahoma state tax. Also, beginning with wages paid for Pay Period 17:

- The single and Married withholding tables will change.
- The dental and vision insurance program will be added to the nontaxable biweekly Federal Employees Health Benefits Plan payment section.

To view the updated tax formula, go to NFC’s Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “►◄”.

For questions about NFC processing, contact the Payroll/Personnel Call Center at  
**504-255-4630.**

A handwritten signature in black ink, appearing to read "Mark Hazuda". The signature is fluid and cursive, with the first name "Mark" and last name "Hazuda" clearly distinguishable.

MARK J. HAZUDA, Director  
Government Employees Services Division

# Oklahoma State Income Tax Information

<b>State Abbreviation:</b>	OK
<b>State Tax Withholding State Code:</b>	40
<b>Basis For Withholding:</b>	►State◄ or Federal Exemptions
<b>Acceptable Exemption Form:</b>	W-4
<b>Acceptable Exemption Data:</b>	S, M/ Number of Exemptions
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	►If no state income tax certificate has been processed or no valid state exemption code is present, the Federal exemptions will be used in the computation of state taxes.◄

## Withholding Formula ►(Effective Pay Period 17, 2007)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes ►dental and vision insurance program, and◄ flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 4.

$$\text{Exemption Allowance} = \$1,000 \times \text{Number of Exemptions}$$

5. If the employee is SINGLE, apply the following tax rates to annual taxable wages to determine the annual tax amount:

### Tax Withholding Table Single

If the Amount of Taxable Income Is:		The Amount of Oklahoma Tax Withholding Should Be:			
Over:	But Not Over:			Of Excess Over:	
\$ 0	\$ ►2,750	\$ 0.00	plus	0.0%	\$ 0
2,750	3,750	0.00	plus	0.5%	2,750
3,750	5,250	5.00	plus	1.0%	3,750
5,250	6,500	20.00	plus	2.0%	5,250
6,500	7,650	45.00	plus	3.0%	6,500
7,650	9,950	79.50	plus	4.0%	7,650
9,950	11,450	171.50	plus	5.0%	9,950
11,450	and over	246.50	plus	5.65%	11,450◄

6. If the employee is MARRIED, apply the following tax rates to annual taxable wages to determine the annual tax amount:

Married			
If the Amount of Taxable Income Is:		The Amount of Oklahoma Tax Withholding Should Be:	
Over:	But Not Over:		Of Excess Over:
\$ 0	\$ ▶ 5,500	\$ 0.00 plus 0.0%	\$ 0
5,500	7,500	0.00 plus 0.5%	5,500
7,500	10,500	10.00 plus 1.0%	7,500
10,500	13,000	40.00 plus 2.0%	10,500
13,000	15,300	90.00 plus 3.0%	13,000
15,300	17,700	159.00 plus 4.0%	15,300
17,700	20,500	255.00 plus 5.0%	17,700
20,500	and over	395.00 plus 5.65%	20,500 ◀

7. Divide the annual Oklahoma tax withholding by 27 and round to the nearest dollar to obtain the biweekly Oklahoma tax withholding.
8. Add additional amount or percentage elected by the employee to the pay period tax calculated in the above step and ROUND TO THE NEAREST DOLLAR to determine the amount of tax to be withheld for this pay period.